

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018 AND 2017
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Fourth Quarter <u>2018</u>	Fourth Quarter <u>2017</u>	For the Year Ended <u>2018</u>	For the Year Ended <u>2017</u>
Net sales	\$ 1,117,876	\$ 1,075,538	\$ 4,363,547	\$ 3,881,756
Cost of sales	<u>(820,851)</u>	<u>(807,098)</u>	<u>(3,129,662)</u>	<u>(2,816,443)</u>
Gross profit	297,025	268,440	1,233,885	1,065,313
<i>Gross profit as a % of Net Sales</i>	26.6%	25.0%	28.3%	27.4%
Selling, general and administrative expenses	(168,047)	(143,764)	(633,244)	(512,552)
Engineering expenses	(25,881)	(23,655)	(87,450)	(95,166)
Amortization expense	<u>(9,641)</u>	<u>(9,477)</u>	<u>(39,754)</u>	<u>(36,516)</u>
Total operating expenses	(203,569)	(176,896)	(760,448)	(644,234)
<i>Operating expenses as a % of Net Sales</i>	18.2%	16.4%	17.4%	16.6%
Income from operations	93,456	91,544	473,437	421,079
<i>Income from operations as a % of Net Sales</i>	8.4%	8.5%	10.8%	10.8%
Interest expense, net	(36,318)	(20,424)	(112,235)	(77,884)
Other income, net	<u>422</u>	<u>3,564</u>	<u>6,380</u>	<u>8,868</u>
Income from operations before income taxes	57,560	74,684	367,582	352,063
Income tax expense	<u>(22,654)</u>	<u>(24,997)</u>	<u>(75,879)</u>	<u>(89,773)</u>
<i>Effective tax rate</i>	39.4%	33.5%	20.6%	25.5%
Net Income	34,906	49,687	291,703	262,290
Less: Net Loss (Gain) attributable to noncontrolling interest	<u>(483)</u>	<u>(739)</u>	<u>3,241</u>	<u>(29)</u>
Net income attributable to Wabtec shareholders	<u>\$ 34,423</u>	<u>\$ 48,948</u>	<u>\$ 294,944</u>	<u>\$ 262,261</u>
Earnings Per Common Share				
Basic				
Net income attributable to Wabtec shareholders	<u>\$ 0.36</u>	<u>\$ 0.51</u>	<u>\$ 3.06</u>	<u>\$ 2.74</u>
Diluted				
Net income attributable to Wabtec shareholders	<u>\$ 0.36</u>	<u>\$ 0.51</u>	<u>\$ 3.05</u>	<u>\$ 2.72</u>
Weighted average shares outstanding				
Basic	<u>96,324</u>	<u>95,714</u>	<u>95,994</u>	<u>95,453</u>
Diluted	<u>96,674</u>	<u>96,368</u>	<u>96,464</u>	<u>96,125</u>
Segment Information				
Freight Net Sales	\$ 380,908	\$ 363,629	\$ 1,564,297	\$ 1,396,588
Freight Income from Operations	\$ 71,442	\$ 68,466	\$ 304,832	\$ 264,277
Freight Operating Margin	18.8%	18.8%	19.5%	18.9%
Transit Net Sales	\$ 736,968	\$ 711,909	\$ 2,799,250	\$ 2,485,168
Transit Income from Operations	\$ 41,145	\$ 32,835	\$ 227,939	\$ 188,218
Transit Operating Margin	5.6%	4.6%	8.1%	7.6%
Backlog Information (Note: 12-month is a sub-set of total)				
	<u>December 31, 2018</u>	<u>September 30, 2018</u>		
Freight Total	\$ 664,656	\$ 607,903		
Transit Total	<u>3,816,925</u>	<u>3,959,393</u>		
Wabtec Total	<u>\$ 4,481,581</u>	<u>\$ 4,567,296</u>		
Freight 12-Month	\$ 503,528	\$ 408,527		
Transit 12-Month	<u>1,954,573</u>	<u>1,791,922</u>		
Wabtec 12-Month	<u>\$ 2,458,101</u>	<u>\$ 2,200,449</u>		

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<i>In thousands</i>		
Cash and cash equivalents	\$ 580,908	\$ 233,401
Restricted cash	1,761,446	-
Receivables, net	1,146,778	1,166,787
Inventories	844,886	742,634
Current assets - other	<u>115,649</u>	<u>122,291</u>
Total current assets	4,449,667	2,265,113
Property, plant and equipment, net	563,737	573,972
Goodwill	2,396,544	2,460,103
Other intangibles, net	1,129,880	1,204,432
Other long term assets	<u>109,406</u>	<u>76,360</u>
Total assets	<u>\$ 8,649,234</u>	<u>\$ 6,579,980</u>
Current liabilities	\$ 1,646,690	\$ 1,573,330
Long-term debt	3,792,774	1,823,303
Long-term liabilities - other	<u>340,695</u>	<u>354,815</u>
Total liabilities	5,780,159	3,751,448
Shareholders' equity	2,865,131	2,808,868
Non-controlling interest	<u>3,944</u>	<u>19,664</u>
Total shareholders' equity	<u>\$ 2,869,075</u>	<u>\$ 2,828,532</u>
Total Liabilities and Shareholders' Equity	<u>\$ 8,649,234</u>	<u>\$ 6,579,980</u>

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended December 31,	
	<u>2018</u>	<u>2017</u>
<i><u>In thousands</u></i>		
Net cash provided by operating activities	\$ 314,671	\$ 188,811
Net cash used for investing activities	(147,287)	(1,033,474)
Net cash provided by (used for) financing activities	1,978,111	(97,431)
Effect of changes in currency exchange rates	<u>(36,542)</u>	<u>32,263</u>
Increase (decrease) in cash	2,108,953	(909,831)
Cash, cash equivalents, and restricted cash, beginning of period	<u>233,401</u>	<u>1,143,232</u>
Cash, cash equivalents, and restricted cash, end of period	<u><u>\$ 2,342,354</u></u>	<u><u>\$ 233,401</u></u>

Set forth below is a reconciliation of the 2019 guidance to the adjusted guidance included in this press release. We believe that the adjusted guidance provides useful supplemental information to assess our forecasted results. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Wabtec's guidance presented in accordance with GAAP.

Wabtec Corporation				
Reconciliation of Guidance to Adjusted Guidance *				
(in billions)				
	<u>Revenue</u>	<u>Income from Operations</u>	<u>Depreciation & Amortization</u>	<u>EBITDA (Income from Operations plus Depreciation & Amortization)</u>
2019 Guidance	\$ 8.4	\$ 0.9	\$ 0.4	\$ 1.3
Accounting Harmonization	0.1	0.1	-	0.1
One-Time PPA	-	0.1	-	0.1
Transaction Costs	-	0.1	-	0.1
2019 Adjusted Guidance	<u>\$ 8.4</u>	<u>\$ 1.2</u>	<u>\$ 0.4</u>	<u>\$ 1.6</u>

* Net Income and Earnings Per Diluted Share ("EPS") will be impacted by a variety of uncertainties including revisions to purchase price accounting, final transaction costs, and mix of operations affecting accounting harmonization. The Company does not further reconcile Income from Operations to Net Income due to the inherent difficulty, without unreasonable efforts, in forecasting and quantifying with reasonable accuracy the foregoing significant items required for the reconciliation. On a GAAP basis, Net Income is estimated to range from \$530 million to \$565 million, with an EPS range of \$3.00 to \$3.20. On an adjusted basis, Net Income is estimated to range from \$710 million to \$740 million, and EPS of \$4.00 to \$4.20.